

## California Arts Council: In-kind Match Information

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The California Arts Council (CAC) requires a dollar-for-dollar match of grant funds for many of its grant programs. This aligns with the CAC's philosophy of encouraging diverse and sustainable sources of revenue for grant activities. As such, the CAC becomes a partial funder for any specific project or organization.

According to the Financial Standards Accounting Board (FASB), "In-kind refers to a payment made with goods or services, rather than currency." Recognizing that support can come in forms other than currency, the CAC allows an applicant organization to match a portion of the grant with in-kind contributions for up to 50% of the matching funds requirement. The applicant organization may determine whether to meet the matching funds requirement with either cash, or a combination of in-kind goods or services and cash.

The CAC's policy on eligible in-kind matching and reporting reflects both state and federal guidelines. In accordance with the Code of Federal Regulations and FASB, in-kind contributions must be provided by **third parties**, and a monetary value must be able to be determined for goods and services rendered.

**Third Party:** For the purposes of CAC grants, a third party is defined as a service provider, partner, or supplier that is independent of the applicant organization and the CAC, and is not compensated with grant funds.

**Eligible In-Kind Services:** Eligible in-kind services are those that require "specialized skill" and can be documented and reported on financial statements, according to the FASB. The general rule to follow when determining if contributed services can qualify as an in-kind match is to determine whether the organization would have purchased the services if they had not been donated. According to the FASB, services that require specialized skill include those provided by accountants, architects, carpenters, lawyers, etc.

### Recommendations

- Contact a CAC Arts Program Specialist if you have questions about whether a service may be applied to the matching funds requirement, or whether an organization or individual may be considered a third party.
- While some services performed by volunteers may be very valuable to an organization, they may not be considered "specialized skills" as defined by the FASB. We recommend that you consult an accounting specialist to follow generally accepted accounting principles for your financial records. The FASB website may be helpful for regulations on use of the value of volunteer time on financial forms.
- Keep accurate records of all in-kind contributions. The National Endowment for the Arts website features [Sample In-kind Contribution Forms](#) with instructions for how to document in-kind contributions for your organization.

**Keep in Mind:**

- In-kind contributions should be reflected as an expense in the grant application budget. For example, if rehearsal space is donated to the organization for a project, the value of that space should be reflected as an operating/production expense. The same value should be reflected in the matching funds table as an in-kind contribution.
- Applicant organizations should accurately document and report in-kind contributions on their DataArts Cultural Data Profile and Funder Report. [This blog offers guidance for reporting in-kind contributions on your DataArts profile and report.](#)
- The peer review panel considers the appropriateness and accuracy of the match and any in-kind contributions when ranking the fiscal management of the organization or project and the viability of the project plan.

**Resources:**

[Code of Federal Regulations Section 200.306: Cost sharing or matching](#)

[Financial Accounting Services Board: "Statements of Financial Accounting Standards"](#)

[FASB Statement of Financial Accounting Standards No. 116: "Accounting for Contributions Received and Contributions Made"](#)

[DataArts: What are in-kind contributions, and how do I record them in the Data Profile?](#)

[National Endowment for the Arts Sample In-Kind Contribution Forms](#)